

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6848

BILL NUMBER: HB 1081

NOTE PREPARED: Feb 10, 2009

BILL AMENDED: Feb 9, 2009

SUBJECT: Foreclosure of Rental Properties.

FIRST AUTHOR: Rep. Day

FIRST SPONSOR: Sen. Lubbers

BILL STATUS: As Passed House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Plaintiff Notification and Eviction-* The bill requires a plaintiff seeking foreclosure on certain rental property to notify the tenants if a foreclosure complaint is filed. The bill requires a plaintiff seeking foreclosure to notify the tenants if a judgment of foreclosure is entered. The bill provides that certain tenants may not be evicted for a certain period of time if a plaintiff seeking foreclosure fails to provide a notice of a foreclosure complaint or a notice that a judgment of foreclosure was entered.

Eviction Without Notification- The bill provides that certain tenants who are evicted and who did not receive a notice of a foreclosure complaint or a notice that a judgment of foreclosure was entered may bring an action to enforce an obligation of an owner or landlord and may recover certain damages, fees, costs, and expenses.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: *Eviction Without Notification-* Without the proper notification specified above, a tenant could file a civil action against either the property owner or landlord. A tenant would not have legal remedy if they were evicted for failure to pay rent or comply with other obligations of a rental contract or agreement.

Court Fee Revenue: If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping

fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected:

Local Agencies Affected: Trial courts, city and town courts.

Information Sources:

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